

Government right to lower Feed-in Tariff but building efficiency compliance level will be hard to achieve, says Viessmann.

Quote from Graham Russell, Viessmann managing director:

It comes as no surprise that the UK Department of Energy and Climate Change (DECC) has reduced the UK Feed-in Tariff (FiT) for small-scale generators such as solar PV from 43 p/kWh to 21 p/kWh from April 2012, although this is slightly lower than we had anticipated. As solar PV equipment and installation costs have tumbled over the last few years it is natural that the government should balance this by addressing incentive levels, albeit it at an earlier than expected date.

Tight control is needed to ensure that the cost burden to the economy of the new FiT is sustainable over the 25 year lifetime. At the same time, it must encourage a more lateral industry growth. Avoiding meteoric peaks and then slumps through dramatic changes in tariff levels is an absolute must for the future protection of jobs within the industry. It is good to see that the UK will be looking at tariff monitoring and adjustment methods employed in Germany, where there is a longer history of renewable energy incentivisation.

Future programmes must also deter the limited amount of mis-selling and insufficiently-trained installers that has been evident in the solar PV story so far, due to the high rewards on offer.

Link to properties' energy efficiency

Requiring homeowners to bring their properties up to Level C of the Energy Performance Certificate (EPC) in order to qualify for the new FiT is a difficult ask: 88 percent of UK homes are currently below the Level C standard. This will result in a significant drop in demand for solar PV, and therefore the proportion of UK electricity produced via microgeneration, and this does not help the government achieve its 2020 emissions reduction targets.

We anticipate, and hope that, the consultation phase will focus on arguments for a reduction to Level D, a band for which, amusingly, solar PV is cited as one of the improvement suggestions! This will open the availability to 50 percent of UK homes. If the government wants to make the link between building efficiency and incentives for energy production, we believe it should look at setting a minimum set of home upgrades which include having a condensing boiler, cavity wall or solid wall insulation and modern heating controls.

In all the debate surrounding the new FiT tariff levels, we hope that the domestic Renewable Heat Incentive (RHI) is not forgotten. The addition of the RHI will offer a much more inclusive package for homeowners than the UK Feed-in Tariff alone and it is therefore important that the criteria set for Solar PV tariff qualification is also mirrored with the RHI. A level playing field between the two renewable sectors will create a better balance between electricity and heat generation that allows homeowners to choose from a wider selection of renewable heating options, appropriate to their circumstances.

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About Viessmann Limited

Viessmann Limited is part of the Viessmann Group of Companies which is one of the leading international manufacturers of heating systems. Founded in 1917, the family business is overseen by the chairmanship of Managing Partner Dr. Martin Viessmann. The Group has annual turnover of EUR 1.7 billion and employs a staff of approximately 9,400. Viessmann's comprehensive product range encompasses all fuel types and applications, allowing it to deliver high quality, efficient and fully integrated solutions. With an output range of 1.5 to 20,000 kW, Viessmann offers oil and gas-fired boilers, solar thermal and photovoltaics, combined heat and power modules (CHP), ground, air and water sourced heat pumps and biomass boilers.